

State Employee Benefits Committee
Friday, December 19, 2014 at 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware

The State Employee Benefits Committee met on December 19, 2014, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, Director, OMB, SBO
Alexis Bryan-Dorsey, OMB
Kelly Callahan, Office of the Treasury
Lisa Callaway, Pensions
Julie Caynor, Aetna
Emily Cunningham, Lt. Governor's Office
Laurene Ehemann, SBO
Karin Faulkner, PHRST
Pat Griffin, AOC
Jim Harrison, DEAR-R
Andrew Kerber, DOJ
Greg Klopp, C.O.A.D.

Dave Leiter
Keinna McKnight, SBO
Jennifer Mossman, Highmark DE
Evelyn Nestlerode, CGO
Karol Powers-Case, DRSPA
Rebecca Reichardt, OMB
Jackie Rhoads, Highmark
Paula Roy, Roy Associates
Shari Sack, AFLAC
Jennifer Vaughn, DOI
Valerie Watson, Finance
Crystal Webb, DHSS
Stuart Wohl, Segal
Debra Yoder, Aetna

Introductions/Sign In

Director Ann Visalli called the meeting to order at 2:00 p.m. Anyone who had public comment was invited to sign-in and any others wishing to comment would be given the opportunity at the end of the meeting. Introductions were made.

Approval of Minutes (handout) – Director Visalli

Director Visalli requested a motion to approve the minutes from the November 17, 2014 SEBC meeting.

Ms. Cunningham made the motion and Ms. Watson seconded the motion. Upon unanimous voice vote the minutes were approved.

Director's Report – Brenda Lakeman

The RFP for the Employee Assistance Program (EAP) received 7 bids and based on the initial analysis Statewide Benefits Office (SBO) will be asking two bidders to come in for finalist interviews in mid-January. These results will be brought back to the SEBC committee for an award recommendation late January or February for a July 1, 2015 effective date.

Some good news for FY15 was the change to the compound drugs which was put into effect September 15, 2014. Prior to this change, spend was nearly \$2.9M. After the change was put in place, spend dropped to \$25.00. This change was certainly effective. This change is for the active & non-Medicare population. A similar change will be brought to SEBC in January for the Medicare population to be effective February or March 1, 2015.

Supplemental Benefits Program Recommendation for Award (handout) – Brenda Lakeman

Some background on this RFP includes that last legislative session HB 336 was passed which required the SEBC to offer Supplemental Benefits Insurance to State of Delaware employees including University of Delaware employees and their dependents effective July 1, 2015. This covers school district employees, charter schools and other higher education (Delaware State University and Delaware Tech) employees and dependents. Non-Medicare and Medicare eligible retirees are not eligible – no retirees are covered under this program.

Employees will be offered this benefit during open enrollment in May with an effective date of July 1, 2015. This will be an income indemnity coverage that is guaranteed renewable for accident, cancer and critical illness or critical care and recovery. This is an employee pay all program. There are no premium or administrative costs to the State. Enrollment will be made through the vendor and not the PHRST system. This program volume will be reviewed in five years, July 2020. The carrier must be licensed in Delaware and maintain a claims loss ratio of not less than 60%. In September 2014, this went out to bid. The three finalists in November were AFLAC, Humana and Met Life. On December 10th, the

Proposal Review Committee (PRC) met to discuss the bidders and score. The PRC did vote to recommend for the 24 hour coverage for on and off the job and for a post-tax deduction. The PRC selected AFLAC based on the criteria outlined. Employees will have the choice to pick low or high coverage. This is a fully insured product and any appeals go directly to the carrier.

Director Visalli asked if there is any offset to what the State provides and what AFLAC provides.

Ms. Lakeman stated the AFLAC coverage is an offset to the State's Short Term Disability (STD) and Long Term Disability (LTD) programs.

Mr. Klopp asked that if on STD, then AFLAC's coverage would offset that coverage?

Ms. Lakeman reiterated AFLAC payment would be a one-time check that would be deducted from STD. Another example is if an employee is injured or with critical illness but at work and not on STD, then AFLAC would still pay.

Ms. Lakeman stated there will be additional communication and employee education meetings made available during open enrollment.

Ms. Griffin asked if employee receives AFLAC first, then files for STD, is there any repercussion to employee to pay the offset. This will be confirmed through AFLAC on the process for this type of situation.

The recommendation is to award the contract for the accident and critical illness coverage to AFLAC for an initial term of three years.

Mr. Kerber stated for the motion to include the on and off the job 24 hour coverage and after tax basis.

Public Comment

Mr. Leiter commented AFLAC seems to be a good program and asked if purchased privately, what would the cost difference be?

Director Visalli suggested it would most likely cost more if purchased separately versus purchasing as a group.

Ms. Lakeman said that if purchased separately, there would be no offset to STD or LTD.

Director Visalli expressed if purchasing privately, AFLAC may put others in tiers based on age, profession, etc.

Ms. Watson requested FAQ's be included with the marketing of this benefit.

Other Business

None.

Director Visalli asked for a motion to approve the recommendation for AFLAC to be awarded the supplemental benefits contract with the two inclusions of on and off the job 24 hour coverage and after tax basis. Ms. Watson made the motion and Ms. Griffin seconded the motion. Ms. Vaughn abstained from voting. The remainder of the Committee representatives voted to approve the recommendation for AFLAC to provide supplemental benefits.

Director Visalli requested a motion at 2:44 p.m. to go into Executive Session. Ms. Callahan made the motion and Mr. Klopp seconded.

Upon return to public session at 2:59 p.m., Director Visalli asked for a motion to approve the recommendation for one disability appeal. Ms. Cunningham made the motion and Ms. Watson seconded. With unanimous voice approval the motion was carried.

Director Visalli requested a motion to adjourn the meeting. Ms. Cunningham made the motion and Ms. Watson seconded. With unanimous voice approval the motion was carried and the meeting adjourned at 3:00 p.m.

The next SEBC Meeting is scheduled for Friday, January 9, 2015 at 2:00 p.m. at the Tatnall Building - Room 112.

Respectfully submitted,

Lisa Porter
Executive Secretary
Statewide Benefits Office, OMB